

CHRB NEWS & REVIEW

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LICHT A VERY ACTIVE RACING COMMISSIONER

When Roger Licht hears race-trackers talking about some whale who cashed in a merry-go-round race by boxing the speed, he understands what they are talking about.

Roger knows horse racing.

One of the things he stressed during interviews for his appointment to the California Horse Racing Board by Governor Gray Davis early last year was his knowledge of racing dating back to 1963, when his parents first took him to Hollywood Park.

Those occasional weekend and holiday visits with his parents developed into a passion for racing. He's an avid spectator, and he has claimed a few



ROGER LICHT

horses over the years. The 48-year-old Los Angeles attorney even represented jockeys, trainers, and other licensees in various legal matters until he became a racing commissioner.

Now he puts all of those talents and interests to work for the general public as he helps regulate the complex horse-racing industry in California.

By now, everyone who regularly attends CHRB meetings is familiar with Licht's style. No matter what the subject of discussion, he asks probing questions, rephrases them when he doesn't get an adequate response, then repeats them again and again until all

(Continued on page 10)

MESSAGE FROM THE EXECUTIVE DIRECTOR

In addition to regulating horse racing in the public interest, the California Horse Racing Board is charged with encouraging and supporting the industry to promote its health and expansion.

For example, the CHRB is working with the horse-racing industry to solve serious problems with workers' compensation insurance by arranging meetings, gathering information, and assisting in other ways. The CHRB commissioners and staff are committed to helping the industry deal with the crisis.

In a separate matter, when jockeys, horsemen, and racetrack executives asked the Board to permit advertising during a race on jockey attire, owner silks, and track saddlecloths, California racing commissioners enthusiastically adopted a regulation last year to facilitate this new source of revenue for the horse-racing industry.

Advertising has not yet proven to be a bonanza to anyone. In fact, the only individual or entity to request and receive approval from racetrack stewards for a commercial

advertisement to date is the Godolphin Racing interest of Sheikh Mohammed bin Rashad al Maktoum, the owner of Emirates Airline. The Godolphin silks may now display the words "Fly Emirates."

Despite the slow start, advertising momentum is likely to pick up through the year, perhaps as soon as the Del Mar meet in July. Jockeys are exploring their options, individually and as a group. And racehorse owners certainly represent a wide variety of commercial interests.

Regardless of whether this sort of advertising ever results in significant revenue to anyone, and no matter how we deal with workers' compensation insurance, the Board stands ready to support horse-racing interests in finding appropriate ways to guarantee the health of an industry that provides jobs for thousands of residents and contributes significantly to the state economy.

Roy C. Wood, Jr.
Roy C. Wood, Jr.



IN THE GOLDEN STATE

NOTHING TO EXCESS

The California horse-racing industry is aware of gambling problems in our society and, in cooperation with the California Horse Racing Board, is taking steps to deal with them.

“Compulsive gambling” – as distinct from “problem gambling” – is increasingly viewed as a disease, much like alcoholism and drug addiction. The distinction is a matter of degree. Problem gamblers are capable of stopping their destructive behavior when they realize the harm they are causing to themselves and their families. Compulsive gamblers, who are sometimes referred to as pathological gamblers, cannot stop themselves.

Racetracks have programs in place and staff members specifically assigned to deal with all forms of gambling problems.

At Del Mar, for example, notices are printed each day in the official wagering program advising patrons, in both English and Spanish, of help lines for problem gambling and providing the toll-free numbers 1-800-FACTS4U and 1-800-GAMBLER. Signs with this information also are posted near pari-mutuel windows. Management discusses problem gambling with the staff each season and provides department heads with materials for employees and patrons who need or ask for them. Among these materials are a self-administered quiz and lists of counselors who are certified to deal with gambling problems.

Hollywood Park publishes similar notices in its official daily programs. Management also provides brochures at pari-mutuel windows and customer service/information areas for anyone inquiring about problem gambling. Racetrack employees are required to participate in awareness classes. Signs are posted in public areas advising employees and patrons as follows:

“BE SMART, BET SMART. Know when to STOP before you start. Compulsive gambling is an illness that affects family and friends. If you know someone with a gambling problem, give them the National Council on Compulsive Gambling hotline number. This is a 24-hour hotline. 1-800-Gambler 1-800-426-2537.”

Management at Hollywood Park works with the California Council on Problem Gambling (CCPG), headed by executive director Thomas Tucker, and participates in the Fair Share Contributions Committee. Roy Wood, executive director of the California Horse Racing Board, also serves as a member of this committee.

Hollywood Park encourages responsible gambling for everyone associated with the racetrack, including employees and their families, customers, horsemen, jockeys, vendors,

CALENDAR

JUNE

- 6 – CHRB monthly meeting in San Mateo.**
- 12 – Stockton fair meet opens.**
- 26 – Pleasanton fair meet opens.**

JULY

- 10 – Vallejo fair meet opens.**
- 24 – Santa Rosa fair meet opens.**
- 24 – Del Mar thoroughbred meet opens.**
- 25 – CHRB monthly meeting in Del Mar.**

media representatives, and the surrounding community.

Signs are posted throughout the Bay Meadows and Golden Gate facilities and in the official programs providing the 800-GAMBLER number.

The official program at Cal Expo has a graphic of a horse saying: *'Remember, you can eat yer bettin' money, but don't bet yer eatin' money.'* Please play responsibly.

With the introduction of Advance Deposit Wagering (ADW) this year, which permits account holders to wager over the Internet and by telephone, operators of ADW systems are joining in this effort. As required by state law, their advertising contains information on where to get help for gambling problems, but their efforts go beyond this requirement.

RESOURCES GUIDE AVAILABLE

Dr. Curtis Barrett, a psychologist and professor emeritus at the University of Louisville, works with two ADW operators, TVG and Youbet.com, to promote responsible wagering. Barrett is a recognized expert in this area who, along with journalist Don Clippinger, developed the "Resources Guide for Racing Managers," which answers common questions in simple language and provides contact information for more than 50 organizations throughout the country. The publication cites Churchill Downs, Inc., the owner of Hollywood Park, as a model for corporate policy on gambling.

Both TVG and Youbet.com utilize the AWARE (Always WAgeR REsponsibly) program. Originally developed by TVG in consultation with Dr. Barrett, the AWARE program seeks to identify and assist people with gambling problems before they become pathological gamblers. One method is to prevent "chasing," which is the practice of betting increasingly large amounts to recoup losses. Limiting ADW account holders' access to just one new deposit a day can prevent this. Dr. Barrett has served as consultant to TVG regarding compulsive gambling since the inception of the AWARE program in 1998.

REGULATIONS HINDER 'CHASING'

The California Horse Racing Board, when adopting 14 regulations to implement the provisions of AB 471 authorizing ADW, recognized the problem of chasing and included regulatory language imposing the one-deposit-per-day limit. The regulations also allow account holders to help protect themselves by instructing ADW operators not to accept deposits from their credit cards. There is a 24-hour waiting period to change this credit-card restriction.

Tucker, whose non-profit organization is dedicated to assisting problem gamblers and their families, and promoting awareness, education, research, prevention, and treatment of problem gambling, also has offered the full resources of the CCPG to ADW operators.

NUMBERS TO CALL

800-FACTS4U

800-GAMBLER

800-522-4700

"The California Council on Problem Gambling, a 15-year-old, California-based, nonprofit, for public benefit, charitable corporation, is ready, willing, and able to assist the ADW industry, as well as all the California racetracks, in the proper protocols and strategies to deal with problem and pathological gambling with their California patrons and California employees," said Tucker.

Tucker noted that the various numbers provided for assistance, including the Problem Gambling Help Line for the National Council on Problem Gambling (800-522-4700) and the other numbers posted at racetracks (800-Gambler and 800-FACTS4U) all are serviced by his organization.

INDUSTRY CONTRIBUTES TO CCPG

The California horse-racing industry conducts "Charity Days" racing programs dedicated to raising funds for worthwhile programs. This year the Los Angeles Turf Club (Santa Anita Park) donated \$10,000 to the CCPG to promote responsible gambling. Last year the Del Mar foundation gave \$3,000 to the organization. And the Hollywood Park foundation gave \$2,000 to the CCPG.

These and other efforts by the California horse-racing industry are helping to ensure that individuals touched by gambling problems have someone to turn to for help. Gambling on California horse racing is meant to be a form of entertainment, not an obsession.



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appropriate for CHRB News &
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BE OUR GUEST...



The California Horse Racing Board believes the best way to regulate an industry is to be fully informed. The CHRB regularly solicits input from the public and the horse-racing industry, and this guest editorial page is one more forum for that purpose.

This guest editorial was submitted by Barry Irwin, a former turf writer for California and national horse-racing publications who became a successful bloodstock agent and thoroughbred owner. Irwin co-founded the popular Team Valor racing stable in 1992.

Thoroughbred racing has lost much of its appeal to the most ardent members of its fan base. Ironically, the game has become less interesting because of too much racing, as a diminution of quality has occurred with an increase in the number of contests offered.

Diehard fans, many of them middle-aged, have become less frequent in their appearances at the races as the product features smaller fields of less-interesting racehorses.

Those of us who care about saving the racing game for future generations should consider some drastic changes in the way the game is presented in an effort to make thoroughbred racing appealing once again to its core crowd.

Thoroughbred racing should consider severely contracting the number of races and racing days as a means of creating more interesting contests. If the point of racing is to offer competitive races between racehorses for the entertainment of the public, then racing should consider shifting its focus to the presentation of races that have appeal because of a concentration of interesting, well-matched contests.

Racing can no longer make its focal point the creation/retention of jobs or the generation of revenue through taxation for the government. These are political considerations. Racing was not invented for either of these purposes.

Right now, because of too large a role in the sport played by government, the game has deteriorated to a point where thoroughbred racing is at low ebb in terms of fan interest because it has become so boring.

We in the sport are witnessing what happens when

the tail has wagged the dog for too long a period of time. Racing simply does not have the fan base to support the number of races currently being offered.

One striking example of a major turn-off to racing fans is the complete reliance of horsemen on drugs. Horsemen and veterinarians have in the last few decades gradually convinced owners of racetracks and governments that the only way enough horses can be made available to fill the increased number of races is to allow them to treat horses with drugs.

In fact, the opposite has turned out to be the case. And an unexpected byproduct of the liberalization of drugs has been a loss of confidence in the integrity of the sport by its fan base.

What steps can be taken by those involved in thoroughbred racing to reverse the trends that have led our sport to its current state of apathy among fans? Try these on for size:

- **Weekends** – race only on weekends.
- **Races** – instead of 45 races on 5 days have 24 on 2 days.
- **Trials** – mandatory training races once a week for horses that have never run.
- **Pricing** – concessions, programs and parking priced to insure consumer satisfaction without racetrack subsidization.
- **Hay, Oats and Water** – no race-day drugs of any kind. “Therapeutic” medication limited to recovery after horses race.
- **Responsibility** – trainers found guilty of using drugs receive automatic lengthy suspensions, with denial of a license for a second offense.

(Continued on page 9)

THE EQUINE PRESCRIPTION

FROM THE DESK OF THE CHRB
EQUINE MEDICAL DIRECTOR



DR. RON JENSEN

The use of erythropoietin (EPO) in the racehorse as an aid to performance has been a topic of discussion by racing participants and in the racing press.

It is important to understand the potential impact of EPO, especially as it affects the health of the horse, and everyone should be aware of efforts by state regulators to control its use within their jurisdictions.

EPO is a hormone produced by all mammals. The function of this hormone is to aid in the production of red blood cells (erythrocytes). Red blood cells carry oxygen from the lungs by way of the blood circulatory system to the tissues of the body. When there is an increased demand by the tissues for oxygen or when the red-blood-cell numbers are being depleted, EPO, which is produced by the kidneys, is released to the bone marrow where red blood cells are produced. EPO reacts with a receptor in the bone marrow and stimulates the production and maturation of red blood cells and their release in the blood circulatory system.

A synthetic, man-made EPO was developed in the late 1980s to use in the treatment of severely anemic humans. It is called human recombinant EPO and is similar but not identical to natural human EPO and natural equine EPO. It is this human recombinant EPO that is believed to be in use among human athletes and racehorses in an attempt to improve performance.

The theory is that if the number of red blood cells is increased, the amount of oxygen that is available to the muscles will be increased. Then if the muscles have a greater supply of oxygen, the horse will theoretically have greater stamina and therefore improved performance. However, this is only theoretical and has not been conclusively proven. In fact, the administration of EPO may be detrimental to the horse.

ELISA TEST AVAILABLE

While it is difficult to detect the administration of EPO to a racehorse in a post-race blood or urine sample using current testing methodologies, it can be done. There is an ELISA test available that can be used as a screening test to detect the presence of human EPO in equine samples. The test was recently used in England to test blood samples from horses that were not in competition. Work is ongoing to develop and validate a confirmation test for use in the United States.

Human athletes were tested for the presence of EPO during the Sydney Olympics and other competitions. Officials utilized both a direct and an indirect method of testing. Urine samples were analyzed by a direct test utilizing a testing method known as electrophoresis, which is a complex and expensive procedure.

In addition to subjecting the blood samples to the ELISA test, an indirect test was performed on the blood samples by which blood parameters, including the

hematocrit of the athletes, were measured. The hematocrit is a measure of the red-blood-cell concentration. A normal hematocrit level was determined by previous population studies, and any level above this normal was considered to be as a result of administration of EPO or other types of blood doping.

Unfortunately, this type of an indirect test would not work in horses. The horse has a spleen that contracts, whereas the human spleen does not. The spleen serves as a reservoir for storing red blood cells, then when the horse is frightened or excited the spleen contracts and increases the amount of red blood cells in the circulation. It has been estimated that the horse may increase the number of circulating red blood cells by as much as 25 percent by this splenic contraction.

“While it is difficult to detect the administration of EPO to a racehorse in a post-race blood or urine sample using current testing methodologies, it can be done. There is an ELISA test available that can be used as a screening test to detect the presence of human EPO in equine samples.”

Dr. Ron Jensen

(Continued on page 9)

CHANGING OF THE GUARD AT SCOTWINC:

The acronym SCOTWINC probably doesn't mean much to many people, and most likely the name Al Karwacki doesn't ring many bells, either. But together they helped transform the nature of pari-mutuel wagering in California. And now Tom Varela takes over following Karwacki's retirement.

In this high-tech age, most of us don't really want to know exactly how things work.

All we really care about is whether the computer, VCR, and CD player function properly when we turn them on. The mechanics don't concern us.

It's the same when we go to simulcast facilities. We want clear pictures of races on TV monitors. Odds should be posted. Pari-mutuel clerks should be courteous and professional. As long as we have no complaints, we don't think about the people in charge or how the place operates.

For 14 years, that's practically all that Al Karwacki thought about. He cared whether satellite uplink and downlink signals hit their marks. He fretted when tote-system data lines malfunctioned. And in those early years when simulcast wagering was first introduced in California, he worried about paying the bills.

But not anymore. When Karwacki walked out of the offices of Southern California Off-Track Wagering Inc. (SCOTWINC) at Los Alamitos Race Course on April 30, he put all of that behind him. Now all that he and his wife, Lorraine, need to worry about is whether their six grandchildren are getting pampered enough.

Let the new SCOTWINC chief, Tom Varela, and his staff deal with the daily problems. Let them sweat the details. Karwacki and his wife of 50 years are going to enjoy retirement on the beach in Georgia. The toughest decision that 70-year-old Karwacki wants to make is whether to use live bait or a spinner.

"I'm going to fish, read, and really enjoy myself," Karwacki said just before he left. "Living in California, we've been apart from our children and our grandchildren for long enough. Michael, my 9-year-old grandson, has promised to show me his favorite fishing hole. I figure that's more important than anything else life has to offer."

EARLY DAYS IN MARYLAND

Karwacki spent a lifetime in horse racing but rarely saw a horse. He left the glamour jobs to others. His was a world primarily of boardrooms, ledgers, and balance sheets.

After serving in the Coast Guard during the Korean War, Karwacki earned an accounting degree through correspondence courses and night school while working full-time to support his growing family. That led to his first job in the horse-racing industry as an accountant at Bowie, a thoroughbred racetrack located about 30 miles from his native Baltimore.

"That was my baptism into racing, and I've been in it ever since," said Karwacki, who rose through the ranks at Bowie over the next 26 years to controller, treasurer, and finally general manager.

Karwacki served with other race-track executives from around the country on the Board of Directors for the Thoroughbred Racing Associations, among them Joe Harper from Del Mar and Ray Rogers from Oak Tree. In

1987 they told him about the new off-track betting law in California. They needed someone to help set up the Southern California network. Would he be interested?

"I never once had any intention, any thought, of moving to California. I loved Maryland," explained Karwacki. "How could we get along without our crab cakes?"

"But they asked repeatedly. Those guys were very convincing. And eventually, after talking things over with Lorraine and the family, I accepted the job. We made arrangements for our son to ship us crabs once a week."

BUILDING FROM SCRATCH

For their own reasons, the southern racetracks opted out of off-track wagering (OTW) in 1984 when the first network was established in Northern California. SB 14 changed all of



AL KARWACKI

KARWACKI RETIRES, VARELA ARRIVES

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Al Karwacki

that in 1987. The new law expanded and restructured the simulcast system.

The CHRB adopted regulations covering everything from security at the simulcast facilities to the duties of the host racing association or fair providing the races. But some details were left for the industry to work out itself.

“For the first few months, each racetrack was kind of winging it, and everything was kind of haphazard,” explained John Reagan, the CHRB senior auditor who helped draft the regulations. “The rules and the law allowed horsemen and racetracks to get together and create an organization to facilitate things, which was where Mr. Karwacki came in.

“When I first heard about him, I asked myself two questions: Why do we need some guy from the East and what is he going to do? As it turned out, he was the absolutely perfect man for the job – a great numbers guy with a background in racetrack management. He tied everything together, kept SCOTWINC in good working order, ran it properly, and made my job a whole lot easier.”

NOW WHAT?

Karwacki recalled showing up for his first day of work in 1988 at Hollywood Park asking himself the same question that Reagan had asked: “What am I going to do?” They gave him a copy of the CHRB regulations and told him to head over to Los Alamitos, where they were setting up offices and a wagering hub.

“There wasn’t much here when I arrived,” said Karwacki, pointing around his Los Alamitos office to the computers, maps, manuals, and stacks of papers. “None of this at all. Up until that time, the operation was moving from track to track. This was the first effort to centralize it. We received a lot of help from Biff Lowry, who was the general manager of Los Alamitos at the time, who later came to work for us at SCOTWINC.

“We started with the basics. The law allowed the industry

to form an organization to operate its off-track wagering business. We were responsible for getting the signals into the satellite sites, providing the mutuel clerks, and handling the wagering transactions.

“There were two totalizator companies operating here at Los Alamitos at the time – Amtote during the day and United at night. Everyone decided to go with Autotote for everything – just one set of computers.

“We set up the telephone lines here for all of satellite land. We began accumulating all of the wagering transactions here before transmitting them to the host

track to wind up in one big pool.

“We needed 500 to 600 mutuel employees. That part turned out to be easier than we thought. A lot of clerks prefer working near their homes at the various sites. That beats driving through traffic to the racetrack.

“All of the other things – the signal downlinks, accounting practices, keeping the customers happy – they all worked themselves out over time. We laid a good foundation and built up from there.”

PASSING THE BATON

Karwacki underwent five-way bypass surgery in 1996. “So far it’s working,” he said with a grateful smile. He reduced his workload after that and relied more on Lowry (who retired a year-and-a-half ago) and other key SCOTWINC staff members like Craig Crampton (controller and chief financial officer), Theresa Morton (administrative assistant), Eleanor Hernandez (risk manager, workers’ compensation), Marti Shelton (payroll manager), and Joe Parker (corporate accountant).



TOM VARELA

(Continued on next page)

And now it is Varela's turn. At age 37, he brings new energy to the job, and an interesting background.

Born and raised in Tempe, Arizona, Varela worked a variety of jobs while taking general business courses at night school. He became a horse-racing fan in 1986 and started following the races.

All of these interests converged in 1989 when he read an article about the Race Track Industry Program (RTIP) at the University of Arizona. It was his entry into horse racing.

"They stressed that if you are willing to work hard at just about anything that comes your way, if you don't mind giving up your weekends and holidays, if you are willing to pay your dues, then you might get somewhere in the horse-racing industry," explained Varela. "And it turns out they were right. I was one of about 50 students in the program at the time, and I imagine that over half of us are working in horse racing today."

In addition to offering classroom courses on horse racing, RTIP arranges for students to gain practical experience by serving as interns at racetracks around the country. Varela worked at Del Mar for two summers where he was exposed to a variety of jobs in many departments. Apparently he impressed the right people because after he graduated from RTIP, he found seasonal work in the operations department at Del Mar.

After four years as credentials manager at Del Mar, Varela found year-round work at Turf Paradise. He started out as simulcast coordinator, then received promotions to director of mutuels and assistant general manager. He returned to California in 2000 as director of simulcasting at Santa Anita, a job he held until he accepted his new post at SCOTWINC.

"I envisioned going into marketing or public relations when I first entered the (RTIP) program," said Varela, "but once I got exposed to horse racing at Del Mar I saw where the game was shifting. I realized that off-track wagering was the area to get into."

RIGHT PERSON FOR THE JOB

Sharp enough to spot an early trend in racing. Flexible enough to make the change. Smart enough to make the grade. Varela had the credentials SCOTWINC directors were look-



AL KARWACKI SHOWS TOM VARELA the layout of racetrack and simulcast facilities throughout the state. SCOTWINC handles simulcast wagering in Southern California during the day and takes over the entire California network for night racing in the north and south.

ing for when they interviewed applicants for Karwacki's job.

"They made a good selection," said Karwacki while laying a reassuring hand on Varela's shoulder. "With his background in mutuels and simulcasting, this job suits him to a T. He even has a knack with numbers. He understands it all."

Chances are that Karwacki won't be able to slip completely away into quiet retirement. Although he spent his last two months working with Varela and the rest of the staff for a smooth transition, there are bound to be questions and unexpected developments requiring his attention. A person can't really just walk away from something he helped create and nurture for 14 years.

"I'll just roll with the punches," said Karwacki in his characteristic manner. "But I can tell you one thing. When I'm out with Michael at his favorite fishing hole, I won't be carrying a cell phone."



By contracting the number of races and racing days, as well as conducting racing on the weekends, the fields should be larger and of greater quality. There will be some casualties, as some horses will no longer be capable of competing.

If this sounds elitist, make no mistake—it is. Racing does not mirror life or society in terms of its economy or its humanity. Racing is a sport. To make racing appealing, the sport must put its best foot forward and present its best product. Racing should not be concerned with jobs, governmental revenue, simulcast revenue, or anything else that detracts from its ability to offer the best contests possible. Racing is not fair!

Racing in order to survive must return to the basic premise that its *raison de etre* is to present contests of skill for the entertainment of the betting public. Racing owes to its fan base an obligation to offer contests that are both entertaining and honest. Getting rid of drugs would be a big step in restoring the integrity of the game in the eyes of the betting public. Training races, in which information could be obtained about first-time starters, would send a message to its fans that the game is not one merely for knowledgeable insiders.

Presenting racing on weekends would send a message that racing is not elitist in approach to its fans, because it is making the game as accessible as possible. Fair pricing would let fans know their hosts are not intent upon gouging them.

Hey, let's get the fans back on our side.

Let's show them that we want to give them the best value possible for their entertainment dollar. We are not doing that now. We are offering them boring betting opportunities for the sake of the churn. And to keep the churn going, we have sold out the equine athletes by drugging them. We have propped up employment by extending a weak product. And, in the process, we have alienated our most ardent supporters and put them to sleep.

It's time for a wake-up call for racing.



JENSEN

(Continued from page 5)

EPO PUTS HORSES AT RISK

More importantly, the administration of EPO may be very detrimental to the horse and may pose a great danger to the horse. Synthetic EPO is very similar in structure to the horse's own natural EPO. When EPO is administered to a horse, the horse's body may recognize it as a foreign substance and produce antibodies that attack it and inactivate it. These antibodies may then mistakenly identify the horse's natural EPO as a similar foreign substance and attack it. When this occurs the horse no longer has the ability to produce mature red blood cells, so becomes very anemic. This type of anemia is very difficult to treat and could end the horse's racing career.

In addition to the severe anemia that may be produced by the administration of EPO, it may also contribute to a condition known as "blood sludging." The increase in the number of red blood cells caused by the administration of EPO, coupled with the horse's ability to increase the number of red blood cells by contracting the spleen, may cause the blood to

become very thick and viscous. This makes it difficult for the heart to pump blood to the tissues, which in turn can cause a decrease in performance and can be life threatening to the horse.

It is important that horsemen be aware of these potential very serious health hazards that may occur as a result of the administration of EPO to horses.

There does not appear to be any necessary veterinary medical use of EPO in the racehorse. Therefore, some racing jurisdictions, including California, are considering making the use and or possession of erythropoietin a prohibited practice at racetracks under their jurisdiction.



of the underlying issues are brought out.

And once he fully understands an issue, he generally states his position in unequivocal terms. Sometimes this puts him at odds with the people who support him the most, but like his decision or not, no one can question his judgment or misunderstand his rationale for the way he votes.

His colleagues on the Board appreciate Licht's talents, and they named him vice chairman last September, second in command to Chairman Alan Landsburg.

"Most of the items that come before the Board, I've done a thorough investigation on my own before they come up for public discussion," explained Licht when asked about his assertiveness at meetings. "I've already spoken with a lot of people for background, so I have knowledge, and knowledge breeds confidence. A person is naturally more outspoken with confidence."

ADW REGULATIONS A HUGE TASK

It was with great self-confidence that Licht tackled the immense job of working with the CHRB staff and horse-racing industry to draft an entire set of regulations for Advance Deposit Wagering (ADW), which constitutes a major piece of the wagering puzzle in California.

Largely through Licht's efforts, the entire regulatory process from drafting the 14 regulations to their final approval required less than five months to complete. This allowed the Board to approve two account-wagering operators in January – just 24 days after a new law took effect authorizing ADW in California.

"It was in the best interest of California to get Advance Deposit Wagering up and running as soon as possible," said Licht. "I personally spent hundreds of hours on this project, literally, meeting extensively with individuals involved in the process and reviewing regulations already in place in other states. I felt we developed state-of-the-art regs, and I think they've been accepted as such."

FOCUSING ON ILLEGAL WAGERING

One of the ongoing issues that concerns Licht the most is illegal wagering, which takes many forms but most visibly involves enterprises in the Caribbean and other off-shore locations that accept phone wagers from account holders in California and other locations.

California taxpayers and the horse-racing industry receive little or no benefit from illegal wagers that are siphoned away from normal channels in this manner. Even if some of this money finds its way back into the totalizator system, the gain for California is modest compared with bets placed at the racetrack.

Because these illegal operations are so lucrative, they can offer extra incentives for people to bet through them, such as

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Roger Licht

rebates on losing wagers reported to be more than 10 percent in some instances.

At an April meeting of the CHRB Pari-Mutuel Operations Committee, which Licht chairs, he spoke candidly about the need to take action against these illegal operations, especially the ones offering huge rebates. One option would be to take steps to prevent them from funneling wagers into the totalizator system and wagering pools at California racetracks.

"I'm committed to shutting down all illegal wagers by keeping them out of the California pools," said Licht. "These illegal operations are stealing our customers, resulting in only a minor benefit to us."

"California has the best product to bet on, not only because of the high quality of the horses but because of the size of the wagering pools, which allow a substantial gambler to make a reasonable wager. It's not like they can just go anywhere else they want to. They can't go to smaller tracks where they make every horse 1-to-5."

PUBLIC PERCEPTION A CONCERN

Licht is equally concerned about the security of the wagering system, which utilizes high-tech telecommunications and data-processing equipment. Much of this information is

*Please help us enforce
California's racing rules.
Call (800) 805-7223 to
report any violations.*

transmitted into the on-track wagering pools in the seconds just before and after the start of a race, so Licht is concerned about the public perception that some wagers are being illegally placed after the horses have left the gate, a practice called past-posting. Licht has received several reports from the CHRB's auditors indicating they are on top of this issue and that no such wagers have been placed.

TWO 'SIDES' TO SECURITY

"I believe strongly in protecting the integrity of horse racing," Licht explained during a recent conversation between races at Hollywood Park. "Traditionally, the word integrity often refers to protecting the integrity of the stable areas, the backside of horse racing, by adopting tough regulations on the use of medications and installing adequate security measures.

"Certainly I agree with all of that, but I have a special desire to deal with the frontside integrity – with the wagering side of the business – whether we are talking about rebates or past-posting or perhaps just improving the wagering regulations and various procedures in order to boost the confidence of bettors.

"One of the biggest problems with the industry...the public has a general perception that in horse racing other people have an advantage, either through superior access to information or better technology. Sometimes this is true. Other times it's just a false perception. One of the things I want to do is explore these issues and demonstrate that it isn't always the insiders who are making the big scores.

"For example, I've asked the CHRB staff to get the details whenever possible on huge Pick 6 payouts. I think it would be interesting to a lot of people to know how much the ticket cost, which horses the bettor singled, and so forth. People might be surprised to learn that some average guy hit a huge Pick 6 on a \$24 ticket. On the other hand, if some large bettor or a group of people put in a \$10,000 ticket, that would be worth knowing, too.

"I think I know what interests horse-racing fans, and some of their concerns. I find I have an understanding of both the business and the sport of horse racing. I know what's on the backside and the frontside, and I've got the losing tickets to prove it."

EXPLORING NEW IDEAS

Because he's at the track so often, either mornings watching workouts or afternoons and evenings during the races, Licht runs into a lot of people with interesting ideas for improving horse racing. Between their ideas and his own, he keeps the staff busy exploring various possibilities for rule and procedure changes. Some of these reviews have led to positive changes. Others simply didn't work out.

"Since I am very accessible, people come up to me day and night with questions, comments, criticisms, and so forth.

"One of the biggest problems with the industry...the public has a general perception that in horse racing other people have an advantage, either through superior access to information or better technology. Sometimes this is true. Other times it's just a false perception. "

Roger Licht

I feel everything is up for discussion," said Licht. "As it turns out, serving on the Board is far more time consuming than I ever imagined, but I'm also enjoying it much more than I thought I would."

Much of his delight comes from handicapping and chatting with racetrack regulars in the clubhouse and saddling paddock. And when one of them says a whale cashed in a merry-go-round race by boxing the speed, he knows that a big bettor cashed exacta tickets by combining all of the early speed horses in a race where the runners never changed position from start to finish, so frontrunners finished first and second to complete the exacta.



Comings and Goings at the CHRB

Diane Heidleberg was hired as a racing license technician and began working at Bay Meadows on March 13. Diane previously worked for the Franchise Tax Board as a key data operator.

Pam Reichardt, who had worked at Bay Meadows as a racing license technician, transferred to the Board of Prison Terms.

Roy Minami, staff services manager for the Board, underwent five-way bypass surgery in Sacramento on May 3. He is recuperating at home and he is expected to be on medical leave for three months.

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